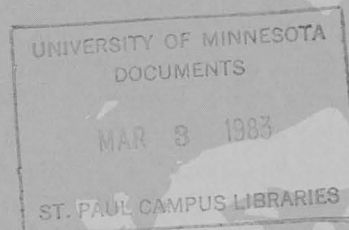


MN 2000 EF/650

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EXTENSION FOLDER 650
Educational Package #P0007
1982



Financial Management

Throughout Your Life

ADDITIONAL RESOURCES

Available from Communication Resources/Distribution, Agricultural Extension Service, 3 Coffey Hall, University of Minnesota, St. Paul, MN 55108:

Living Within Your Income, Kit #5 (slide set or overheads, cassette tape, leader's guide, information folders). Rental fee is \$8.00 for Minnesota residents.

Buying a Minnesota Home, Extension Bulletin 414.

Consumer Housing Alternatives, Extension Bulletin 420.

Living Within Your Income, North Central Regional Publication 61.

Money in Our Children's Hands, Extension Bulletin 461.

Plan for Retirement, Extension Bulletin 419.

Should You Use Credit?, Home Economics Special 15.

Available from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 10402:

A Guide to Budgeting for the Family, USDA Home and Garden Bulletin 108.

Your Retirement: A Financial Planning Guide, USDA Home and Garden Bulletin 230.

OTHER SOURCES OF INFORMATION

County Agricultural Extension Service

Lending agencies—banks, savings and loan associations, credit unions, finance companies, insurance agents, and brokers

Legal advisors—lawyers, bar associations, attorney general's office

Financial advisors—accountants, tax consultants, financial planners, credit counselors

Investment advisors and brokers

Trade or business associations—

American Council on Life Insurance, 1850 K Street N.W., Washington, DC 20006;

National Foundation for Consumer Credit, Inc., Federal Bar Building West, 1819 H Street N.W., Washington, DC 20049;

Household Finance Corporation, Money Management Institute, Prudential Plaza, Chicago, IL 60601.

Local library

Financial Management Throughout Your Life

Individuals and families have basic financial tasks that must be performed regularly. These financial tasks include purchasing goods and services, covering risks such as illness or unemployment, providing for lifelong educational needs, and using public services to increase income.

These financial tasks differ at different ages and with different types of families. A single parent at 18 faces a very different set of tasks than does an 18-year-old who is dependent on his or her parents.

The following checklist can help you think about the tasks you face now and in the future. Find your age group and review the list of financial tasks common for people of your age and family structure. Check those tasks that apply to you. Then look at the list for the age group just before and after yours. If there are any tasks that pertain to you now, mark those. Do you

sometimes make any of the common errors listed? Mark those, too.

After you have checked the financial tasks and errors that apply to you, then you are ready to fill in the Tasks and Skill Development Worksheet that comes with this folder. This worksheet will help you identify the financial skills and knowledge you need to learn. An example to help you get started is included in this folder.

One side of the worksheet has space for current tasks—ones that you need to do now. The other side deals with future tasks—ones that you need to start planning for. If you need more space, make copies of the worksheet for yourself.

After you have completed the worksheet, you will have a better idea of the kinds of information you need. Suggestions for obtaining additional information are given above.

Age Group: 18 to 24

FINANCIAL GOALS

- Awareness of financial needs
- Adequate income for basic needs and wants
- Ability to live within income
- Short- and long-term economic and social goals listed
- A balanced spending, borrowing, and savings plan
- Consumer knowledge and skills
- A system for keeping financial and legal records
- Use of professional advisors
- A balance among obtaining, protecting, and using financial resources

FINANCIAL TASKS

- Establish household.
- Train for or begin career.
- Become financially independent.
- Buy insurance to cover risks of health, automobiles, disability, and death.
- Establish a credit record.
- Begin a savings program.
- Make a spending plan or budget.
- Develop a financial record-keeping system.
- Make a will.

COMMON PROBLEMS

- Overuse of credit
- Failure to actively take control of money
- Lack of short- and long-term goals and financial plans
- Failure to use and develop income-earning abilities
- Failure to develop do-it-yourself skills to save money
- Failure to use professional advisors
- Emphasis on current needs and failure to anticipate needs in later life

QUESTIONS RELATED TO FAMILY STRUCTURE

(MARRIED WITH CHILDREN)

- What are you doing toward saving for long-term goals?
- How are you educating your children in handling money?
- Have you purchased adequate life insurance for the major earners?
- Do you have insurance or savings to cover risks to the homemaker?

- What are your plans for rearing your children if you, your spouse, or both died?
- Have you each made wills?
- Have you given careful consideration to different ways of owning property with your spouse?

(MARRIED WITHOUT CHILDREN)

- Have you agreed on division or rotation of financial management tasks (record-keeping, buying, paying bills, etc.)?
- Have you each made a will?
- What plans have you made toward saving for long-term goals?

(SINGLE PARENT)

- Have you set long-term goals (education, career training) that can improve your economic situation?
- Have you established a credit record in your own name?
- What arrangements have you made for custody and care of your children in the event of your death?
- Have you investigated ways to deal with increasing costs of housing, food, energy, etc.?

(SINGLE)

- What progress are you making toward supporting yourself?
- What are your plans for a career and future income?
- What responsibilities will you have for others?
- Do you have job benefits, savings, or insurance in case of disability or unemployment?

(OTHER FAMILY STRUCTURE)

- Have you developed an equitable plan for sharing financial obligations in the household?
- How are you building a credit record for all adult household members?
- What have you done to insure personal and communal property?

Age Group: 25 to 34

FINANCIAL GOALS

- Adjustment of economic and social goals
- Consumer, legal, and financial knowledge
- Expansion of financial security program (savings, insurance, investment)
- Investment in additional education or training
- Development of financial skills appropriate for age and role of all family members

FINANCIAL TASKS

- Provide for child bearing and rearing costs.
- Provide for expanding housing needs.
- Expand career goals.
- Manage increased need for credit.
- Provide for training or education funds.
- Purchase sufficient insurance coverage.
- Make a will. Adjust will as responsibilities change.
- Develop financial management skills of all members of household.

COMMON PROBLEMS

- Lack of emergency fund and savings
- Lack of sufficient insurance coverage
- Lack of realistic family or personal goals
- Failure to estimate impact of single or dual income

QUESTIONS RELATED TO FAMILY STRUCTURE

(MARRIED WITH CHILDREN)

- What are your financial plans for your children's education and training?

- What are your options and plans for financing housing now and in the future?
- How are you covering increasing financial risks as your children grow and develop?

(MARRIED WITHOUT CHILDREN)

- What are you doing to step up or increase savings and investments for future security?
- Have you analyzed methods to reduce income taxes?

(SINGLE PARENT)

- What plans are you making to increase your income now and in the future?
- What are you doing to involve your children in financial matters as a means of developing their skills?

(SINGLE)

- What are you doing to reduce taxes on your income?
- What are you doing to increase savings and investments for long-range security?

(OTHER FAMILY STRUCTURE)

- If you have commitments to members of your household, have you purchased insurance and made a will in the event of death?

Age Group: 35 to 44

FINANCIAL GOALS

- Adjustment and redefinition of financial goals
- Strengthening of financial security programs (savings, insurance, investments)
- Income sources diversified
- Financial obligations and resources under control
- Retirement income plan

FINANCIAL TASKS

- Upgrade career training.

- Continue to build education fund.
- Purchase adequate insurance protection for major income earners.
- Provide greater income for expanding needs.
- Establish and work toward retirement goals.

COMMON PROBLEMS

- Overuse of credit
- Failure to set aside funds for major replacements of appliances and furnishings
- Failure to provide adequate insurance protection

- Failure to plan for retirement
- Failure to increase primary income or seek other sources of income
- Failure to manage increased number and complexity of financial needs
- Lack of funds for children's higher education or training

QUESTIONS RELATED TO FAMILY STRUCTURE

(MARRIED WITH CHILDREN)

- How are you handling increased child rearing costs?
- How involved are your children in handling financial matters?
- What plans are you making to increase your income to pay for higher education or training for your children?

(MARRIED WITHOUT CHILDREN)

- How are you taking advantage of your income to increase savings and investments?
- What financial responsibilities will you have for others in the future?

(SINGLE PARENT)

- What adjustments are you making to cope with increasing child rearing costs?

(SINGLE)

- Have you considered investments that offer tax advantage?
- What responsibilities or dependents will you have in the future?

(OTHER FAMILY STRUCTURE)

- If you have commitments to members of your household, have you purchased insurance and made a will in the event of your death?

Age Group: 45 to 54

FINANCIAL GOALS

- Adjustment of spending, savings and investment plans
- Updated retirement plan
- Family awareness of estate plan provisions

FINANCIAL TASKS

- Provide higher education or training for children.
- Manage investments for maximum return or long-term gain.
- Evaluate and update retirement plans.
- Communicate with family members about estate plans.
- Analyze estate plan and adjust as needed.
- Evaluate future financial needs concerning parents or other dependents.

COMMON PROBLEMS

- Failure to provide sufficient retirement funds
- Failure to adjust financial resources to changing lifestyles
- Failure to understand limitations of government and private pension plans
- Failure to reevaluate savings and investments to increase income
- Failure to use professional advisors

QUESTIONS RELATED TO FAMILY STRUCTURE

(MARRIED WITH CHILDREN)

- What are your plans regarding changing housing as children leave home?
- Have you made changes in wills and other legal papers as children have left home, married, etc?

(MARRIED WITHOUT CHILDREN)

- How are you taking advantage of your income to maximize savings and investments?
- What financial responsibilities will you have for others in the future?

(SINGLE PARENT)

- What are your plans regarding changing housing as children leave home?
- Have you made changes in wills and other legal papers as children have left home, married, etc?

(OTHER FAMILY STRUCTURE)

- If you have made a financial commitment to others, are you prepared for expenses that might occur such as support of parents, funeral expenses, debt settlement, and estate taxes?

Age Group: 55 to 64

FINANCIAL GOALS

- Realistic understanding of economic and social changes following retirement
- Knowledge of expected retirement income
- Alternative sources of retirement income
- Updated savings, insurance, and investment program
- Revision of estate plan and wills

FINANCIAL TASKS

- Consolidate financial assets.
- Provide for additional future security.
- Reevaluate method of intended property transfer.
- Investigate part-time income or volunteer work for retirement.
- Investigate housing location and expense for retirement.
- Meet responsibilities for aging parents or other dependents.

COMMON PROBLEMS

- Lack of supplemental retirement funds
- Inadequate pensions and Social Security income
- Failure to adjust to income changes

- Failure to re-adjust insurance coverage
- No wills or wills out-of-date
- Lack of knowledge about and utilization of community resources
- Failure to explore alternatives or options in lifestyle in advance of retirement

QUESTIONS RELATED TO FAMILY STRUCTURE (MARRIED WITH CHILDREN)

- What have you done to change your estate plans as your children have left home?

(MARRIED WITHOUT CHILDREN)

- Have you decided how your estate will be allocated if both you and your spouse die simultaneously?

(SINGLE PARENT)

- What have you done to change your estate plan as your children have left home?
- What plans have you made for someone else to handle your financial affairs if needed?

(OTHER FAMILY STRUCTURE)

- What plans have you made for someone else to handle your financial affairs if needed?

Age Group: 65 and over

FINANCIAL GOALS

- Satisfactory adjustment to change in retirement income
- Full use of consumer skills and community resources
- An orderly plan for transfer of property
- Provisions made for health care, liability coverage, and supplemental income

FINANCIAL TASKS

- Reevaluate and adjust living conditions and spending as they relate to health and income.
- Evaluate and adjust insurance for health risks.
- Secure reliable assistance in managing personal and economic affairs.
- Update plan for sharing estate.
- Update letter of last instructions.

COMMON PROBLEMS

- Failure to consider lifestyle alternatives
- Failure to maximize group power in the marketplace
- Failure to identify and use community resources
- Failure to adjust spending to true economic situation
- Failure to develop and implement a plan for sharing one's estate
- Failure to recognize and accept interdependency with others and to seek help as needed
- Failure to write letter of last instructions
- Failure to finance leisure activities

TASKS AND SKILL DEVELOPMENT WORKSHEET

1. Current task _____

Skills/knowledge I have _____

Problems or errors I sometimes make _____

Skills/knowledge I need _____

2. Current task _____

Skills/knowledge I have _____

Problems or errors I sometimes make _____

Skills/knowledge I need _____

3. Current task _____

Skills/knowledge I have _____

Problems or errors I sometimes make _____

Skills/knowledge I need _____

1. Future task_____

Skills/knowledge I have_____

Problems or errors I sometimes make_____

Skills/knowledge I need_____

2. Future task_____

Skills/knowledge I have_____

Problems or errors I sometimes make_____

Skills/knowledge I need_____

3. Future task_____

Skills/knowledge I have_____

Problems or errors I sometimes make_____

Skills/knowledge I need_____

QUESTIONS RELATED TO FAMILY STRUCTURE**(MARRIED WITH CHILDREN)**

- Have you discussed personal wishes and future living arrangements with your children?
- If either of you become ill or incapacitated, what will you do? Will you look to your children for help?

(MARRIED WITHOUT CHILDREN)

- How will your spouse be financially cared for if something happens to you?
- What adjustments in living arrangements will be made if either partner becomes ill or dies?
- Have you made plans to donate resources to others (churches, schools, etc.)?

(SINGLE PARENT)

- Have you discussed personal wishes and future living arrangements with children?
- If you become ill or incapacitated, what will you do?

(SINGLE)

- Have you explored options among hospitals, nursing homes, retirement homes?
- Have you established a trust that might care for you if you cannot manage alone?

(OTHER FAMILY STRUCTURE)

- Will you be able financially and physically to care for another person for whom you feel responsible in the event of that person's illness or incapacity?
- Have you investigated the possibility of a trust to cover cost of care if you are unable to handle financial affairs?

TASKS AND SKILL DEVELOPMENT WORKSHEET

A separate tasks and skill development worksheet has been inserted in this folder. Its purpose is to help you and your family begin to think about present and future financial tasks and identify the skills and knowledge needed to deal with them.

Here is an example to help get you started:

- Current task Buy life insurance
 Skills/knowledge I have Knowledge of different types of insurance
 Problems or errors I sometimes make Let salesmen determine what I need
 Skills/knowledge I need Way to analyze how much insurance I need
- Future task Buy a house
 Skills/knowledge I have What we would like; how much money we have.
 Problems or errors I sometimes Want more than we can afford
 Skills/knowledge I need Ways of financing housing

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